




First Coast No More Homeless Pets, Inc.

Independent Auditor's Report and Financial Statements

September 30, 2023 and 2022



First Coast No More Homeless Pets, Inc.
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September 30, 2023 and 2022

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Independent Auditor's Report

Board of Directors
First Coast No More Homeless Pets, Inc.
Jacksonville, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of First Coast No More Homeless Pets, Inc. which comprises the statements of financial position as of September 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of First Coast No More Homeless Pets, Inc. as of September 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are required to be independent of and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about First Coast No More Homeless Pets, Inc.'s ability to continue as a going concern within one year after the date that these financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material

misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of First Coast No More Homeless Pets, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about First Coast No More Homeless Pets, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

FORVIS,LLP

**Jacksonville, Florida
May 9, 2024**

First Coast No More Homeless Pets, Inc.
Statements of Financial Position
September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 511,179	\$ 1,276,540
Accounts receivable, net	240,449	270,924
Pledges receivable	-	20,000
Investments	735,149	39,784
Other assets	85,827	53,241
Inventory	81,619	69,104
	<u>1,654,223</u>	<u>1,729,593</u>
Property and Equipment		
Land	68,750	68,750
Buildings and improvements	3,565,467	3,558,517
Construction in progress	443,014	-
Machinery and equipment	935,337	875,650
Furniture and fixtures	99,718	99,718
Vehicles	68,856	68,856
	<u>5,181,142</u>	<u>4,671,491</u>
Accumulated depreciation	<u>(1,849,915)</u>	<u>(1,758,490)</u>
	<u>3,331,227</u>	<u>2,913,001</u>
Total property and equipment	<u>3,331,227</u>	<u>2,913,001</u>
Total assets	<u>\$ 4,985,450</u>	<u>\$ 4,642,594</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 281,337	\$ 168,947
Notes payable, current	234,494	225,439
	<u>515,831</u>	<u>394,386</u>
Total current liabilities	<u>515,831</u>	<u>394,386</u>
Notes payable, net of current	<u>1,626,565</u>	<u>1,867,684</u>
Total liabilities	<u>2,142,396</u>	<u>2,262,070</u>
Net Assets		
Without donor restrictions	2,259,688	1,313,384
With donor restrictions	583,366	1,067,140
	<u>2,843,054</u>	<u>2,380,524</u>
Total net assets	<u>2,843,054</u>	<u>2,380,524</u>
Total liabilities and net assets	<u>\$ 4,985,450</u>	<u>\$ 4,642,594</u>

First Coast No More Homeless Pets, Inc.
Statement of Activities
Year Ended September 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Program service fees	\$ 6,244,231	\$ -	\$ 6,244,231
Contributions of cash and other financial assets	1,857,313	-	1,857,313
Contributions of nonfinancial assets	467,764	-	467,764
Grants	10,000	539,500	549,500
Special events	44,485	-	44,485
Net assets released from restrictions	1,023,274	(1,023,274)	-
Total revenue and support	<u>9,647,067</u>	<u>(483,774)</u>	<u>9,163,293</u>
Expenses			
Program services:			
Animal protection and care	7,371,339	-	7,371,339
Supporting services:			
General and administrative	739,459	-	739,459
Fundraising	603,227	-	603,227
Total expenses	<u>8,714,025</u>	<u>-</u>	<u>8,714,025</u>
Change in Net assets from Operating Activities	<u>933,042</u>	<u>(483,774)</u>	<u>449,268</u>
Nonoperating Activities			
Miscellaneous	681	-	681
Investment income	12,581	-	12,581
Total nonoperating activities	13,262	-	13,262
Change in Net Assets from Nonoperating Activities	<u>13,262</u>	<u>-</u>	<u>13,262</u>
Change in Net Assets	946,304	(483,774)	462,530
Net Assets, Beginning of Year	<u>1,313,384</u>	<u>1,067,140</u>	<u>2,380,524</u>
Net Assets, End of Year	<u>\$ 2,259,688</u>	<u>\$ 583,366</u>	<u>\$ 2,843,054</u>

First Coast No More Homeless Pets, Inc.
Statement of Activities
Year Ended September 30, 2022

(Continued)

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Program service fees	\$ 5,654,632	\$ -	\$ 5,654,632
Contributions of cash and other financial assets	726,883	252,919	979,802
Contributions of nonfinancial assets	400,679	-	400,679
Grants	58,738	1,067,471	1,126,209
Special events	(204,263)	-	(204,263)
Net assets released from restrictions	474,892	(474,892)	-
	<u>7,111,561</u>	<u>845,498</u>	<u>7,957,059</u>
Expenses			
Program services:			
Animal protection and care	6,657,183	-	6,657,183
Supporting services:			
General and administrative	547,336	-	547,336
Fundraising	463,731	-	463,731
	<u>7,668,250</u>	<u>-</u>	<u>7,668,250</u>
Change in Net Assets from Operating Activities	<u>(556,689)</u>	<u>845,498</u>	<u>288,809</u>
Nonoperating Activities			
Miscellaneous	2,471	-	2,471
Investment loss	(36,683)	-	(36,683)
Insurance proceeds	90,000	-	90,000
	<u>55,788</u>	<u>-</u>	<u>55,788</u>
Change in Net Assets from Nonoperating Activities	<u>55,788</u>	<u>-</u>	<u>55,788</u>
Change in Net Assets	<u>(500,901)</u>	<u>845,498</u>	<u>344,597</u>
Net Assets, Beginning of Year	<u>1,814,285</u>	<u>221,642</u>	<u>2,035,927</u>
Net Assets, End of Year	<u>\$ 1,313,384</u>	<u>\$ 1,067,140</u>	<u>\$ 2,380,524</u>

First Coast No More Homeless Pets, Inc.
Statement of Functional Expenses
Year Ended September 30, 2023

	Program Expense		Supporting Services		Total
	Animal Protection and Care	General and Administrative	Fundraising	Subtotal	
Personnel					
Salaries	\$ 3,790,700	\$ 269,557	\$ 294,285	\$ 563,842	\$ 4,354,542
Payroll taxes and benefits	523,272	29,533	23,907	53,440	576,712
Total personnel expenses	4,313,972	299,090	318,192	617,282	4,931,254
Advertising	5,192	-	5,418	5,418	10,610
Automotive expenses	18,905	-	-	-	18,905
Bank service charges	119,756	1,204	8,208	9,412	129,168
Bad debt expense	-	48,552	-	48,552	48,552
Computer expense	105,986	8,187	21,893	30,080	136,066
Direct mail	-	-	94,184	94,184	94,184
Dues and subscriptions	8,764	-	6,174	6,174	14,938
Insurance	-	56,750	-	56,750	56,750
Interest expense	66,716	-	3,527	3,527	70,243
Licenses and permits	116,154	1,725	-	1,725	117,879
Miscellaneous	14,147	1,159	3,376	4,535	18,682
Office supplies	15,993	4,292	1,480	5,772	21,765
Postage and delivery	324	1,002	1,515	2,517	2,841
Printing and reproduction	46,952	1,348	10,665	12,013	58,965
Professional fees	19,825	246,497	37,728	284,225	304,050
Program supplies	2,144,142	-	-	-	2,144,142
Rent	-	2,250	-	2,250	2,250
Repairs and maintenance	44,063	5,021	-	5,021	49,084
Special event expenses	-	-	65,304	65,304	65,304
Training	35,077	12,300	-	12,300	47,377
Utilities	165,211	16,841	20,822	37,663	202,874
Total expenses before non-cash expenses	7,241,179	706,218	598,486	1,304,704	8,545,883
Depreciation	130,160	33,241	4,741	37,982	168,142
Total expenses	<u>7,371,339</u>	<u>739,459</u>	<u>603,227</u>	<u>1,342,686</u>	<u>8,714,025</u>

First Coast No More Homeless Pets, Inc.
Statement of Functional Expenses
Year Ended September 30, 2022

	Program Expense		Supporting Services		Total
	Animal Protection and Care	General and Administrative	Fundraising	Subtotal	
Personnel					
Salaries	\$ 3,450,231	\$ 289,928	\$ 265,681	\$ 555,609	\$ 4,005,840
Payroll taxes and benefits	515,942	27,849	29,770	57,619	573,561
Total personnel expenses	3,966,173	317,777	295,451	613,228	4,579,401
Advertising	4,522	-	2,213	2,213	6,735
Automotive expenses	10,956	-	-	-	10,956
Bank service charges	91,524	152	6,978	7,130	98,654
Computer expense	92,633	7,915	21,801	29,716	122,349
Direct mail	-	-	72,174	72,174	72,174
Dues and subscriptions	10,201	-	3,118	3,118	13,319
Insurance	-	41,144	-	41,144	41,144
Interest expense	69,669	-	1,370	1,370	71,039
Licenses and permits	114,780	625	-	625	115,405
Miscellaneous	2,979	1,496	588	2,084	5,063
Office supplies	10,416	1,022	1,573	2,595	13,011
Postage and delivery	400	265	1,754	2,019	2,419
Printing and reproduction	35,401	768	8,322	9,090	44,491
Professional fees	26,166	140,599	1,013	141,612	167,778
Program supplies	1,910,139	27	-	27	1,910,166
Rent	-	3,000	-	3,000	3,000
Repairs and maintenance	37,419	5,648	-	5,648	43,067
Special event expenses	-	-	11,117	11,117	11,117
Training	3,661	-	-	-	3,661
Utilities	166,500	16,578	22,348	38,926	205,426
Total expenses before non-cash expenses	6,553,539	537,016	449,820	986,836	7,540,375
Depreciation	103,644	10,320	13,911	24,231	127,875
Total expenses	\$ 6,657,183	\$ 547,336	\$ 463,731	\$ 1,011,067	\$ 7,668,250

First Coast No More Homeless Pets, Inc.
Statements of Cash Flows
Years Ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 462,530	\$ 344,597
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	168,142	127,875
Securities contributed	(751,955)	(320,190)
Unrealized (gain) loss on investments	(12,581)	36,683
Change in allowance for doubtful accounts	-	35,000
Bad debt expense	48,552	-
Net changes in:		
Accounts receivable	30,475	13,792
Pledges receivable	-	5,000
Bequests receivable	-	100,000
Other assets	(61,138)	10,154
Inventory	(12,515)	11,843
Accounts payable and accrued expenses	112,390	(205,671)
Net cash provided (used) by operating activities	<u>(16,100)</u>	<u>159,083</u>
Cash Flows from Investing Activities		
Purchases of fixed assets	(586,368)	(275,742)
Purchases of investments	(3,127)	-
Sales of investments	72,298	243,723
Net cash used in investing activities	<u>(517,197)</u>	<u>(32,019)</u>
Cash Flows from Financing Activities		
Principal payments on notes payable	(232,064)	(240,376)
Net cash used in financing activities	<u>(232,064)</u>	<u>(240,376)</u>
Net Decrease in Cash and Cash Equivalents	(765,361)	(113,312)
Cash and Cash Equivalents, Beginning of Period	<u>1,276,540</u>	<u>1,389,852</u>
Cash and Cash Equivalents, End of Period	<u>\$ 511,179</u>	<u>\$ 1,276,540</u>
Supplementary Information		
Cash paid for interest	<u>\$ 70,243</u>	<u>\$ 71,039</u>

Note 1. Nature of Organization and Summary of Significant Accounting Policies

First Coast No More Homeless Pets, Inc. (the "Organization"), a non-profit organization dedicated to the welfare of animals, was organized in Jacksonville, Florida in 2002. The mission of the Organization is to make veterinary care affordable and accessible to all as we save lives by keeping dogs and cats in homes and out of shelters, provide low-cost spay/neuter services with emphasis on feral/community cats, and deliver a broad range of related programs and services. The major sources of income are derived from service revenue, public contributions, and grants.

Basis of Accounting

The financial statements, which are presented on the accrual basis of accounting, have been prepared to present balances and transactions according to the existence or absence of donor-imposed restrictions.

Basis of Presentation

Net assets and revenue, gains, expenses and losses are required to be classified as without or with donor restrictions based upon the following criteria:

1. Net assets without donor restrictions represent expendable funds available for operations, which are not otherwise limited by donor restrictions.
2. Net assets with donor restrictions consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Organization may spend the funds.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable mainly represent fees for service related to veterinary care. Management evaluates accounts receivable for collectability and includes in the allowance for doubtful accounts an estimate of losses to be sustained. Uncollectible amounts are charged against the allowance account when management determines the possibility of collection is remote.

Inventory

Inventories are stated at the lower of cost or net realizable value on the first-in, first-out method. Inventory is counted once a month and adjusted to actual.

Investment Valuation and Income Recognition

Investments are recorded at fair value. The fair value of investments is based on the last sales price on the valuation date for those securities traded on national securities exchanges. For securities traded over the counter, the last bid price is used. Realized and unrealized gains or losses are determined by comparison of cost to either proceeds received from sales or market values.

Purchases and sales of securities are recorded on a trade-date basis. Investment income is recorded when earned. Dividends are recorded on the ex-dividend date.

First Coast No More Homeless Pets, Inc.
Notes to Financial Statements
September 30, 2023 and 2022

Fair Value Measurements

Generally accepted accounting principles in the United States of America (“GAAP”) define fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction value hierarchy which requires an entity to maximize the use of observable inputs when measuring fair value.

Property and Equipment

Property and equipment are recorded at cost or if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method over the estimated useful lives. The useful lives used for depreciation range from five years to forty years.

Contributions and Grants

Contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor. When a donor restriction expires, restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restriction.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated assets are placed in service.

The Organization recognizes revenue for certain donated services and other in-kind contributions received at fair value as of the date of the gift.

Contract Revenue - Program Service Fees

The Organization’s program services fees consist of surgery and veterinary procedures performed primarily on dogs and cats. These revenues are recognized at a point in time based on the transfer of control. Revenue consists of performance obligations satisfied within one year or less. In addition, the Organization’s contracts do not contain variable consideration and contract modifications are generally minimal.

Functional Expense Allocation

The costs of providing program, management and general and fundraising activities have been summarized on a functional basis in the statements of activities and the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Other expenses are allocated based on management’s estimate of the benefit derived from each activity.

Concentrations of Credit Risk

Cash and cash equivalents consist of cash on deposit in banks and cash invested in liquid asset trust funds with initial maturities of three months or less. The Organization periodically maintains bank deposits in excess of the Federal Deposit Insurance Corporation limit.

Income Taxes

The Organization is recognized by the Internal Revenue Service as a nonprofit under Section 501(c) (3) of the Internal Revenue Code; accordingly the accompanying financial statements do not reflect a provision or liability for federal and state income taxes.

First Coast No More Homeless Pets, Inc.
Notes to Financial Statements
September 30, 2023 and 2022

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect (1) the reported amounts of assets and liabilities; (2) disclosure of contingent assets and liabilities at the date of the financial statements; and, (3) the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Adoption of New Accounting Standards

Leases

The Organization adopted Topic 842 on October 1, 2022 (the effective date), using the comparatives under ASC 840 transition method, which applies Topic 842 at the beginning of the period in which it is adopted. Prior period amounts have not been adjusted in connection with the adoption of this standard. The Organization elected the package of practical expedients under the new standard, which permits entities to not reassess lease classification, lease identification or initial direct costs for existing or expired leases prior to the effective date. The Organization has lease agreements with nonlease components that relate to the lease components. The Organization elected the practical expedient to account for nonlease components and the lease components to which they relate as a single lease component for all. Also, the Organization elected to keep short-term leases with an initial term of 12 months or less off the statement of financial position. The Organization did not elect the hindsight practical expedient in determining the lease term for existing leases as of October 1, 2022.

The standard did not significantly affect the statements of financial position, activities and cash flows.

Recent Accounting Pronouncements Not Yet Adopted

Current Expected Credit Loss

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how organizations will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through operations. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures will be required to provide users of the financial statements with useful information in analyzing an organization's exposure to credit risk and the measurement of credit losses. Financial assets held by the company that will be subject to the guidance in FASB ASC 326 will be trade accounts receivable. The ASC is effective for the Organization's fiscal year beginning after December 15, 2022. Management is currently evaluating the impact of this ASC on the Organization's financial statements.

Subsequent Events

In preparing these financial statements, the Organization evaluated events and transactions for potential recognition or disclosure through May 9, 2024, the date the financial statements were available for issuance.

First Coast No More Homeless Pets, Inc.
Notes to Financial Statements
September 30, 2023 and 2022

Note 2. Availability of Financial Assets

The following reflects the Organization's financial assets as of the financial position date reduced by amounts not available for general use because of donor-imposed restrictions within one year of the statement of financial position date.

Financial assets at September 30, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 511,179	\$ 1,276,540
Accounts receivable, net	240,449	270,924
Pledges receivable	-	5,000
Investments	<u>735,149</u>	<u>39,784</u>
	1,486,777	1,592,248
Those unavailable for general expenditures within one year due to:		
Net assets with donor restrictions	<u>(583,366)</u>	<u>(1,067,140)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 903,411</u>	<u>\$ 525,108</u>

The Organization is substantially supported by program services fees. The Organization also receives contributions and grants from individuals and businesses. The Organization has significant degree of flexibility and discretion to manage its costs based on its revenue from program fees, contributions, and grants. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations come due.

At September 30, 2023 and 2022, respectively, accounts receivable consisted of the following:

	<u>2023</u>	<u>2022</u>
Accounts receivable, gross	\$ 275,449	\$ 305,924
Allowance for doubtful accounts	<u>(35,000)</u>	<u>(35,000)</u>
Accounts receivable, net	<u>\$ 240,449</u>	<u>\$ 270,924</u>

Management establishes an allowance for doubtful accounts based on historical loss experience, knowledge of specific customer situations, and current economic conditions. Losses are charged off when management deems collection to be remote.

First Coast No More Homeless Pets, Inc.
Notes to Financial Statements
September 30, 2023 and 2022

Note 3. Investments

Investments at September 30, 2023 and 2022 consist of the following:

	<u>2023</u>		<u>2022</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Mutual funds:				
Equities	\$ 751,955	\$ 735,149	\$ -	\$ -
Common stocks:				
Small cap	-	-	35,469	39,784
Total investments	<u>\$ 751,955</u>	<u>\$ 735,149</u>	<u>\$ 35,469</u>	<u>\$ 39,784</u>

Note 4. Fair Value of Financial Assets

The Organization follows accounting standards requiring a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

- Level 1:** Quoted prices are available in active markets for identical investments as of the reporting date.
- Level 2:** Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.
- Level 3:** Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require management judgment and estimation. Such investment valuations are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques.

Inputs broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk.

The following is a description of the valuation methodologies used for assets measured at fair value.

Level 1 Fair Value Measurements - The fair value of equities is based on the closing price reported on the active market on which the individual securities are traded. The fair value of mutual funds is based on quoted net asset values of the shares held by the Organization at year end. The fair value of money market funds and certificates of deposit are based on transacted values.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

There were no changes during the years ended September 30, 2023 and 2022 to the Organization's valuation techniques used to measure asset and liability fair values on a recurring basis.

First Coast No More Homeless Pets, Inc.
Notes to Financial Statements
September 30, 2023 and 2022

The following summarizes the Organization's investments carried by level within the valuation hierarchy:

	Assets at Fair Value as of September 30, 2023			
	Level 1	Level 2	Level 3	Fair Value
Assets				
Mutual funds	\$ 735,149	\$ -	\$ -	\$ 735,149

	Assets at Fair Value as of September 30, 2022			
	Level 1	Level 2	Level 3	Fair Value
Assets				
Common stock	\$ 39,784	\$ -	\$ -	\$ 39,784

Note 5. Notes Payable

Long-term debt as of September 30, are as follows:

	2023	2022
Note payable to a bank, with a fixed interest rate at 3.95%; payable in monthly installments of \$2,809 through February 2031; secured by property.	\$ 216,637	\$ 241,831
Note payable to a bank, with a fixed interest rate at 3.95%; payable in monthly installments of \$9,383 through March 2031; secured by property.	720,488	803,569
Note payable to the City of Jacksonville, with a fixed interest rate at 3.0%; payable in monthly installments of \$914 through June 2034; secured by property.	100,342	108,812
Note payable to the City of Jacksonville, with a fixed interest rate at 3.0%; payable in monthly installments of \$2,851 through April 2032; secured by property.	256,703	284,931
Note payable to the U.S. Small Business Administration ("SBA"), with a fixed interest rate at 2.63%; payable in monthly installments of \$347 through January 2046; secured by property.	68,821	72,156
Note payable to the U.S. Small Business Administration ("SBA"), with a fixed interest rate at 2.50%; payable in monthly installments of \$347 through November 2032; secured by property.	225,506	247,587
Note payable to a former board member, with a fixed interest rate at 4.25%; payable in monthly installments of \$2,780 through August 2023; secured by property.	52,691	83,114
Note payable to a former board member, with a fixed interest rate at 4.25%; payable in monthly installments of \$2,059 through December 2024; secured by property.	69,871	91,123

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Note payable to the U.S. Small Business Administration (“SBA”), with a fixed interest rate at 2.75%; payable in monthly installments of \$641 beginning January 2023 through June 2050; secured by property.

	<u>150,000</u>	<u>160,000</u>
	1,861,059	2,093,123
Current maturities	<u>(234,494)</u>	<u>(225,439)</u>
	<u>\$ 1,626,565</u>	<u>\$ 1,867,684</u>

Maturities of long-term debt as of September 30, 2023 are as follows:

2024	\$ 234,494
2025	220,817
2026	210,173
2027	193,415
2028	200,380
Thereafter	<u>801,780</u>
	<u>\$ 1,861,059</u>

Note 6. In-Kind Contributions

The Organization’s in-kind contributions consisted of the following during the year ended September 30:

	<u>2023</u>	<u>2022</u>
Pet food	\$ 333,498	\$ 295,290
Professional services	<u>134,266</u>	<u>105,389</u>
	<u>\$ 467,764</u>	<u>\$ 400,679</u>

Pet food contributions are valued at their retail price per pound based on the type of food contributed. Professional services are valued at their estimated service cost obtained from the service provider. Pet food contributions are reported as program supplies and professional services are recorded as professional fees on the statements of functional expenses. The pet food was used in carrying out the programs and the professional services consisted of information technology services and were reported as general and administrative expenses.

Note 7. Net Assets Without Donor Restrictions

In June 2021, the Organization established a reserve fund and designated \$700,000 of its net assets to this reserve fund. The purpose of the fund is to ensure the long-term financial stability of the Organization and position it to respond to changes affecting the Organization’s financial position. As of September 30, 2023 and 2022, board designated net assets were \$700,000.

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Note 8. Net Assets With Donor Restrictions

Donor restricted net assets consist of the following purpose restricted programs at September 30:

	<u>2023</u>	<u>2022</u>
Petsmart Charities	\$ 15,874	\$ 150,000
Norwood Construction	406,523	624,333
Banfield Foundation	170	-
Best Friends	36,960	-
Cassat Animal Welfare Depot	-	35,000
Cat's Angels	4,525	7,500
Charitable Care – Hubbard House	15,000	-
Doc Tony	19	1,291
Mental Health	5,921	31,180
Penn Foster Student Program	5,571	8,792
Rene's Fund	25,414	11,744
Rosie's Fund	35,229	131,725
Senior Pet Owners Charitable Care	-	25,000
Spay and Neuters	-	2,491
V-Tech Training	<u>32,160</u>	<u>38,084</u>
	<u>\$ 583,366</u>	<u>\$ 1,067,140</u>

Note 9. Donated Services

Numerous volunteers have donated their time and have performed a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations, and various committee assignments. The Organization received approximate volunteer hours of 6,486 and 5,466 in the 2023 and 2022 fiscal year, respectively. No amounts have been reflected in the financial statements for donated volunteer hours.

Note 10. Defined Contribution Retirement Plan

In 2022, the Organization sponsored a traditional 401(k) retirement plan that covered substantially all full-time permanent employees. On January 1, 2023, the Organization transitioned the traditional 401(k) retirement plan to a safe harbor 401(k) retirement plan. The plan still covers substantially all full-time employees. Eligible employees may elect to defer up to 100% of compensation subject to federal limits. Employer contributions are determined at the Board of Directors' discretion. The plan may be terminated at any time without further obligation to the Organization. The Organization contributed \$60,984 and \$36,983 for the years ending September 30, 2023 and 2022.

Note 11. Concentrations

The Organization had two payors that represents approximately 58% of the Organization's accounts receivable at September 30, 2022. The Organization had one payor that represents approximately 69% of the Organization's accounts receivable as of September 30, 2023.

Note 12. Commitments and Contingencies

The Organization is subject to various legal proceedings and claims which arise in the ordinary course of operations. These legal proceedings and claims are subject to many uncertainties, the outcome of which is not predictable. It is reasonably possible that some matters could be decided unfavorably to the Organization, and if so, could have a material impact to the financial statements.